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Supreme Court, U.S.
FILED
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No. 16-969

In the Supreme Court of the United States

SAS INSTITUTE INC., PETITIONER

v.

JOSEPH MATAL, INTERIM DIRECTOR, UNITED STATES PATENT AND TRADEMARK OFFICE, ET AL.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF FOR THE FEDERAL RESPONDENT

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QUESTIONS PRESENTED

Section 314 of the Patent Act of 1952 (Patent Act), 35 U.S.C. 1 *et seq.*, authorizes the U.S. Patent and Trademark Office (USPTO) to decide whether to institute an inter partes review to reconsider the patentability of claims in existing patents. 35 U.S.C. 314. Section 314(a) authorizes the USPTO to institute a review if it determines, based on the petition requesting review and any preliminary response by the patent owner, "that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. 314(a). Section 318(a) of the Patent Act provides that, "[i]f an inter partes review is instituted and not dismissed," the USPTO's Patent Trial and Appeal Board (Board) must issue a final written decision addressing the patentability of "any patent claim challenged by the petitioner and any new claim added" by amendment after the petition for review was filed. 35 U.S.C. 318(a). The questions presented are as follows:

1. Whether the USPTO may agree to institute inter partes review regarding the patentability of a subset of the patent claims of which review is requested.

2. Whether, if the USPTO institutes review of some but not all of the claims that are challenged in a petition for inter partes review, the Board must address the unreviewed claims in its final written decision.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-40a) is reported at 825 F.3d 1341. The opinion of the Patent Trial and Appeal Board (Pet. App. 103a-128a) on institution of inter partes review is not published but is available at 2013 WL 8595939. The final written decision of the Patent Trial and Appeal Board (Pet. App. 41a-86a) is not published but is available at 2014 WL 3885937.

JURISDICTION

The judgment of the court of appeals was entered on June 10, 2016. A petition for rehearing was denied on November 7, 2016 (Pet. App. 87a-102a). The petition for a writ of certiorari was filed on January 31, 2017, and was granted on May 22, 2017. The jurisdiction of this Court rests on 28 U.S.C. 1254(1).

STATUTORY AND REGULATORY PROVISIONS INVOLVED

Pertinent statutory and regulatory provisions are reproduced in an appendix to this brief. App., *infra*, at 1a-28a.

STATEMENT

1. The Patent Act of 1952 (Patent Act), 35 U.S.C. 1 *et seq.*, charges the U.S. Patent and Trademark Office (USPTO) with examining applications for patents, and it directs the USPTO to issue a patent if the statutory criteria are satisfied. 35 U.S.C. 131. Federal law has long permitted the USPTO to reconsider the patentability of the inventions claimed in issued patents. See *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2137 (2016) (*Cuozzo*). Over the past several decades, Congress has established and modified several administrative mechanisms by which the agency may revisit existing patents. See *ibid.*; H.R. Rep. No. 98, 112th Cong., 1st Sess. 45-46 (2011) (House Report) (recounting history of review mechanisms).

a. In 1980, Congress empowered the USPTO to conduct what is known as ex parte reexamination of existing patent claims. *Cuozzo*, 136 S. Ct. at 2137; see Act of Dec. 12, 1980 (1980 Act), Pub. L. No. 96-517, 94 Stat. 3015 (35 U.S.C. Ch. 30). The statute authorized the USPTO to conduct ex parte reexamination of "any claim of a patent" "at any time," either at the request of "[a]ny person" or on the agency's "own initiative," if the USPTO determined that prior art raised a "substantial new question of patentability." 1980 Act § 1, 94 Stat. 3015 (35 U.S.C. 302, 303(a)). Under that regime, the USPTO determined on a claim-by-claim basis whether a "substantial new question of patentability" existed.

See U.S. Patent & Trademark Office, Dep't of Commerce, *Manual of Patent Examining Procedure* §§ 2243, 2246 (8th ed. Rev. 8, July 2010) (2010 *MPEP*). If the agency determined "that no substantial new question of patentability ha[d] been raised," that determination was "final and nonappealable." 1980 Act § 1, 94 Stat. 3016 (35 U.S.C. 303(c)). When the agency elected to conduct ex parte reexamination, it proceeded to reconsider the patentability of the claims at issue. *Cuozzo*, 136 S. Ct. at 2137.

In 1999, Congress created an additional mechanism for reviewing existing patent claims, called inter partes reexamination, that afforded "third parties greater opportunities to participate in the [USPTO's] reexamination proceedings." *Cuozzo*, 136 S. Ct. at 2137; see Optional Inter Partes Reexamination Procedure Act of 1999, Pub. L. No. 106-113, Tit. IV, Subtit. F, §§ 4601-4608, 113 Stat. 1501A-567 to 1501A-572 (35 U.S.C. 311-318 (2000)). Like ex parte reexamination, inter partes reexamination allowed third parties to petition the USPTO "at any time" to reexamine the patentability of claims in existing patents if the third party raised "a substantial new question of patentability." 35 U.S.C. 311(a), 312(a), 313 (2000). The USPTO applied that standard on a claim-by-claim basis. See 2010 *MPEP* §§ 2643, 2646; see, *e.g.*, *Belkin Int'l, Inc.* v. *Kappos*, 696 F.3d 1379, 1381-1382 (Fed. Cir. 2012). And, as with ex parte reexamination, the agency's determination whether a substantial new question of patentability existed was "final and non-appealable." 35 U.S.C. 312(c) (2000). Unlike in ex parte reexamination, however, if the USPTO elected to institute an inter partes reexamination, the third party could then participate in the administrative proceedings—and, after a further stat-

utory amendment in 2002, could participate in any subsequent appeal. See 21st Century Department of Justice Appropriations Authorization Act, Pub. L. No. 107-273, §§ 13106, 13202, 116 Stat. 1900-1902; *Cooper Techs. Co.* v. *Dudas*, 536 F.3d 1330, 1332 (Fed. Cir. 2008).

b. In 2011, Congress enacted the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284, which further modified the framework for USPTO review of claims in existing patents. See *Cuozzo*, 136 S. Ct. at 2137-2138. In response to "a growing sense that questionable patents are too easily obtained and are too difficult to challenge," Congress enacted the AIA to "establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs." House Report 39-40. The AIA retained ex parte reexamination, modified in certain respects. AIA § 6(g), 125 Stat. 312-313. The AIA eliminated inter partes reexamination, and in its place adopted two new procedures for challenging the patentability of claims in issued patents.

i. For challenges to patentability brought within nine months after a patent is issued, Congress created a new procedure called post-grant review. See 35 U.S.C. 321-329. During that nine-month window, any person other than the patent's owner may seek review of the patentability of a claim "on any ground that could be raised under paragraph (2) or (3) of [35 U.S.C.] 282(b)." 35 U.S.C. 321(b). Those grounds include, *inter alia*, failure of the patent or claim to satisfy any condition of patentability set forth in 35 U.S.C. 100-212 (2012 & Supp. III 2015). See 35 U.S.C. 282(b)(2). The USPTO "may not authorize a post-grant review to be instituted unless [it] determines that" the petitioner has shown "that it is more likely than not that

at least 1 of the claims challenged in the petition is unpatentable." 35 U.S.C. 324(a). "The determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable." 35 U.S.C. 324(e). Post-grant review is not directly at issue in this case, but the agency has implemented that review mechanism through procedures analogous to those challenged here, and petitioner's argument implicates those mechanisms as well. See 37 C.F.R. 42.208(a); Pet. Br. 7 n.1.

ii. For challenges brought after that nine-month period, the AIA established the procedure at issue in this case, which is known as inter partes review. See 35 U.S.C. 311-319; *Cuozzo*, 136 S. Ct. at 2137-2138. Inter partes review likewise may be sought by any person other than the patent's owner, but "only on a ground that could be raised under [35 U.S.C.] 102 or 103"—*i.e.*, that the claimed invention is not novel or is obvious—"and only on the basis of prior art consisting of patents or printed publications." 35 U.S.C. 311(b); see 35 U.S.C. 102-103 (2012 & Supp. III 2015). To request inter partes review, a party must file a petition that identifies, "in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim." 35 U.S.C. 312(a)(3). The patent owner may file a preliminary response to the petition. 35 U.S.C. 313.

The USPTO must then make a "[t]hreshold" determination as to whether to "authorize an inter partes review to be instituted," and it must provide notice of its decision to the petitioner, the patent owner, and the public. 35 U.S.C. 314(a) and (c). The USPTO must determine whether to institute inter partes review within three months after the completion of briefing on the petition.

35 U.S.C. 314(b). The Director has delegated this responsibility to its Patent Trial and Appeal Board (Board). 37 C.F.R. 42.4(a). The AIA does not require the agency to grant inter partes review in any circumstance. See *Cuozzo*, 136 S. Ct. at 2140 (AIA does not impose a "mandate to institute review"). It prohibits the USPTO from instituting review, however, unless the agency determines that "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. 314(a). As with post-grant review, the USPTO's decision whether to institute inter partes review is "final and nonappealable." 35 U.S.C. 314(d); see *Cuozzo*, 136 S. Ct. at 2142.

If the USPTO elects to institute inter partes review, the Board then conducts a trial-like proceeding to determine the patentability of the claims at issue. See 35 U.S.C. 316; 37 C.F.R. Pt. 42, Subpt. A. Both parties are entitled to take limited discovery, 35 U.S.C. 316(a)(5); to file affidavits and declarations, 35 U.S.C. 316(a)(8); to request an oral hearing, 35 U.S.C. 316(a)(10); and to file written memoranda, 35 U.S.C. 316(a)(8) and (13). The patent owner also "may file 1 motion to amend the patent." 35 U.S.C. 316(d); see *Cuozzo*, 136 S. Ct. at 2145.

At the conclusion of that proceeding (unless the matter has been dismissed), the Board must "issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added" to the patent by amendment while the inter partes review proceeding is ongoing. 35 U.S.C. 318(a). The Board generally must issue its final written decision within one year. 35 U.S.C. 316(a)(11). A party aggrieved by the Board's final written decision may appeal that decision to the Federal Circuit. 35 U.S.C. 141(c), 319. If the party seeking inter partes review and

the patent owner jointly request that the proceeding be terminated before the Board decides the merits, the proceeding is terminated as to those parties, but the Board retains discretion either to continue the review and decide the merits or to terminate the review. 35 U.S.C. 317(a); see *Cuozzo*, 136 S. Ct. at 2144.

The AIA also addresses the relationships between inter partes review proceedings concerning a particular patent claim and other proceedings involving the same claim or patent. 35 U.S.C. 315. The USPTO may not grant a request to institute inter partes review if the request is submitted by a party that has previously filed a civil action challenging a claim of the same patent, 35 U.S.C. 315(a)(1), or if that party was served with a complaint alleging infringement of the patent more than a year before filing its petition for inter partes review, 35 U.S.C. 315(b). If the USPTO grants inter partes review of a claim and issues a final decision, the petitioner thereafter is estopped from "request[ing] or maintain[ing] a proceeding" before the agency "with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review." 35 U.S.C. 315(e)(1). The petitioner likewise is barred from "assert[ing] either in a civil action" or in proceedings before the International Trade Commission "that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review." 35 U.S.C. 315(e)(2).[1]

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[1] The AIA introduced an additional mechanism for reconsidering the patentability of claims for "covered business method[s]." AIA § 18, 125 Stat. 329-331 (capitalization omitted). Like post-grant review, covered-business-method review is not directly at issue in this case, but it has been implemented through procedures analogous to those challenged here. See Pet. Br. 7 n.1.

c. To implement the AIA's new administrative-review scheme, Congress granted the USPTO new rulemaking authority. See 35 U.S.C. 316(a); *Cuozzo*, 136 S. Ct. at 2142. Congress authorized the USPTO to issue regulations "establishing and governing inter partes review" and "the relationship of such review to other proceedings," as well as regulations "setting forth the standards for the showing of sufficient grounds to institute a review." 35 U.S.C. 316(a)(2) and (4). Congress further directed that, in exercising its rulemaking authority under the AIA, the agency should take into account the need to ensure "efficient administration of the [USPTO], and the ability of the [USPTO] to timely complete [inter partes review] proceedings." 35 U.S.C. 316(b).

In 2012, after notice-and-comment procedures, the USPTO exercised that authority by promulgating regulations designed to "secure the just, speedy, and inexpensive resolution of every proceeding" before the Board. 37 C.F.R. 42.1(b); see *Changes to Implement Inter Partes Review Proceedings*, 77 Fed. Reg. 48,727-48,729 (Aug. 14, 2012) (2012 Regulations) (37 C.F.R. Pt. 42, Subpt. B). One such regulation authorizes the Board to streamline an inter partes review by instituting review as to only "some of the challenged claims" identified in a petition for review, and/or as to "some of the grounds of unpatentability asserted for each claim," rather than as to all challenged claims and all asserted grounds of unpatentability. 37 C.F.R. 42.108. Patents frequently contain multiple claims that vary in breadth. See, *e.g.*, J.A. 132-133. Within the same patent, some claims thus may be more vulnerable to challenge than others. The agency explained that "limit[ing] the claims in the review to only those claims that meet the threshold" set forth in the statute helps "to streamline and

converge the issues for consideration" and to provide the patent owner with "a defined set of potentially meritorious challenges." 2012 Regulations, 77 Fed. Reg. at 48,703; see *ibid.* ("It is inefficient and unfair to [the] patent owner to require a full response to challenges on claims that do not meet the initial threshold."). This approach also "aids in the efficient operation of the [USPTO] and the ability of the [USPTO] to complete the proceeding within the one-year timeframe." *Ibid.*; see also *Office Patent Trial Practice Guide*, 77 Fed. Reg. 48,756, 48,765 (Aug. 14, 2012) (2012 Trial Practice Guide).

The USPTO's regulations explain that, although no court can review the Board's decision not to institute inter partes review, a party may seek rehearing of that decision by the Board under 37 C.F.R. 42.71. 2012 Regulations, 77 Fed. Reg. at 48,702-48,703. In cases where review is instituted as to only some of the claims identified in a petition, the Board's practice is to issue a final written decision on those claims for which review was instituted. See, *e.g.*, *Cuozzo*, 136 S. Ct. at 2138-2139 (appeal of Board's final written decision that addressed only claims over which the Board had previously instituted review).

2. a. This case arises from a petition for inter partes review filed by petitioner SAS Institute, Inc., challenging the patentability of claims in a patent issued to respondent ComplementSoft, LLC. In its inter partes review petition, petitioner asked the USPTO to review claims 1-16 of that patent. Pet. App. 104a. The Board agreed to institute review as to claims 1 and 3-10 on certain legal grounds—*viz.*, that those claims are unpatentable because they are obvious over particular prior art. *Id.* at 105a-106a, 127a. But it declined to institute

review as to those same claims on other grounds raised by petitioner, and it declined review altogether as to the remaining claims in the patent (claims 2 and 11-16). *Id.* at 106a, 127a. The Board explained that petitioner had not "establish[ed] a reasonable likelihood of" showing that claims 2 and 11-16 were unpatentable on any ground. *Id.* at 115a; see *id.* at 125a. Petitioner did not request Board rehearing of that decision. See J.A. 2.

After a trial on claims 1 and 3-10, the Board issued a final written decision. Pet. App. 41a-86a. The Board concluded that claims 1, 3, and 5-10 were unpatentable because the claimed invention, as defined in those claims, would have been obvious to a person of ordinary skill in the art, see 35 U.S.C. 103, and it accordingly directed that those claims be cancelled. Pet. App. 43a, 84a-85a. The Board concluded that petitioner had not shown that claim 4 is unpatentable. *Ibid.* The Board's final decision did not address the patentability of the patent's remaining claims. The Board explained that it had "declined to institute an *inter partes* review" of those other claims because petitioner had not "shown that there was a reasonable likelihood of prevailing on its challenges" to those claims, and that those claims accordingly were "not at issue in [the] trial." *Id.* at 84a & n.3; see also *id.* at 73a n.2.

Petitioner sought rehearing of the Board's final decision, arguing (*inter alia*) that the Board was required to issue a final written decision as to all of the claims cited in the original petition, not just those for which the Board had instituted inter partes review. Pet. App. 130a. The Board denied rehearing, explaining in relevant part that its final decision had correctly addressed only those claims that were at issue in the instituted proceeding. *Id.* at 130a-131a.

The parties filed cross-appeals in the Federal Circuit. Pet. App. 2a. The USPTO intervened to defend the Board's authority to institute review as to only a subset of the claims identified in a petition and to issue a final written decision only as to those claims for which review was instituted. C.A. Doc. 25 (May 7, 2015).

b. While those appeals were pending, the Federal Circuit decided *Synopsys, Inc.* v. *Mentor Graphics Corp.*, 814 F.3d 1309 (2016); see Pet. App. 20a-21a.[2] The court of appeals in *Synopsys* held in pertinent part that there is "no statutory requirement that the Board's final decision address every claim raised in a petition for inter partes review." 814 F.3d at 1316-1317; see *id.* at 1315-1317. The *Synopsys* court explained that "the statute is quite clear that the [USPTO] can choose whether to institute inter partes review on a claim-by-claim basis." *Id.* at 1315. The court further explained that, "if there were any doubt about the Board's authority and the statute were deemed ambiguous," *id.* at 1316, the USPTO's regulation allowing partial institution, 37 C.F.R. 42.108, would be entitled to deference under *Chevron U.S.A. Inc.* v. *Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984). *Synopsys*, 814 F.3d at 1316.

The *Synopsys* court also held that "the claims that the Board must address in the final decision are different than the claims raised in the petition." 814 F.3d at 1315. The court explained that "the statute would make very little sense if it required the Board to issue final decisions addressing patent claims for which inter partes review had not been initiated," and that the statute should not be construed to "require the Board to

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[2] Petitioner filed an amicus brief in *Synopsys*. Pet. App. 21a n.5.

issue a final determination on validity of patent claims without the benefit" of full merits proceedings. *Ibid.*

Judge Newman dissented. She would have held that the USPTO may not grant review as to "only some" of the claims challenged in a petition. *Synopsys*, 814 F.3d at 1332. No party sought further review in *Synopsys*.

c. In the decision below, the court of appeals relied on *Synopsys* and rejected petitioner's argument that the Board was required to address in its final decision all of the claims challenged in the petition for inter partes review. Pet. App. 20a-21a. On the merits, the court upheld the Board's invalidation of claims 1, 3, and 5-10, but remanded for reconsideration of claim 4. *Id.* at 22a. Judge Newman, who was also a member of the panel below, again dissented. *Id.* at 23a-40a.

Petitioner sought rehearing en banc, which was denied. Pet. App. 88a-89a. Judge Newman dissented from the denial of rehearing en banc. *Id.* at 90a-102a.

SUMMARY OF ARGUMENT

In the AIA, Congress established inter partes review as one of several administrative mechanisms through which the USPTO may reconsider claims in patents the agency previously issued. Those mechanisms were designed to create an "efficient system for challenging patents that should not have issued," with the aim of "improv[ing] patent quality and restor[ing] confidence in the presumption of validity that comes with issued patents." *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2140, 2144 (2016) (*Cuozzo*) (citations omitted). The AIA gives the USPTO broad discretion in determining whether to institute inter partes review, and it makes the agency's decisions whether to institute review "final and nonappealable." 35 U.S.C. 314(d); see 35 U.S.C. 311-315.

The USPTO (through the Board) exercised that discretion here to institute review of some but not all of the claims that petitioner challenged. After completing the administrative proceeding, the Board rendered a decision addressing the claims it had agreed to review. Petitioner contends that the agency was required either to institute review as to every claim petitioner disputed or to deny review altogether, and that the Board's final decision was required to address every claim for which petitioner had originally sought inter partes review. Petitioner's primary argument is not judicially reviewable, and both of its arguments lack merit.

I. Petitioner's primary submission is that the USPTO was required either to institute review on every patent claim challenged in the petition for review or to deny review altogether. That contention is not properly before this Court, and it is wrong.

A. The AIA states that "[t]he determination by the Director whether to institute an inter parties review shall be final and nonappealable." 35 U.S.C. 314(d). This Court held in *Cuozzo* that Section 314(d) forecloses challenges to the USPTO's decisions whether to institute review, at least "where the grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application and interpretation of statutes related to the [USPTO's] decision to initiate inter partes review." 136 S. Ct. at 2141. That preclusion rule encompasses petitioner's contention that the Board erred by instituting review on fewer than all of the claims of which petitioner sought inter partes review. As in *Cuozzo*, petitioner assails the USPTO's institution decision on the ground that it violated provisions of the AIA. See *id.* at 2139-2142. Petitioner previously argued that judicial review is available

because petitioner appealed from the Board's final decision, not directly from the institution decision. But the Court in *Cuozzo* squarely rejected that argument. *Id.* at 2140.

B. In any event, nothing in the AIA precludes the USPTO from instituting inter partes review of some of the patent claims challenged in a petition while denying review of others.

1. a. Consistent with the Patent Act's general scheme, under which questions of patent validity are typically resolved on a claim-by-claim basis, the AIA's text and structure demonstrate that the USPTO may institute review as to fewer than all of the claims of which review is sought. The provisions that govern the agency's institution determinations confer broad discretion on the agency and do not cast doubt on the USPTO's partial-institution practice. The AIA prohibits the USPTO from instituting any review unless it finds a reasonable likelihood that at least one claim will be held invalid. 35 U.S.C. 314(a). But Section 314(a) imposes "no mandate to institute review," *Cuozzo*, 136 S. Ct. at 2140, and no other provision requires the USPTO to institute review of all challenged claims if the agency agrees to review any of them. The provisions that govern the USPTO's institution decisions contemplate that the agency may engage in claim-by-claim analysis, and they would make little sense if claim-specific determinations were forbidden. The end product of inter partes review—the Board's final written decision, which carries estoppel consequences for the parties—is similarly claim-specific.

Neither of the AIA provisions that petitioner cites to support its contrary position (35 U.S.C. 311(b) and 318(a)) forbids partial institution. Section 311(b) limits inter partes review to certain kinds of challenges to

patentability, but it does not require review of every claim challenged in a petition. Section 318(a) is similarly inapposite. That provision, which governs the content of final decisions where the USPTO has agreed to institute review, would be a peculiar place for Congress to impose restrictions on institution. In any event, petitioner misreads that provision. Section 318(a) requires that the Board's final decision address every claim "challenged by the petitioner." 35 U.S.C. 318(a). Properly read in its statutory context, that language does not refer to every claim of which review was originally requested, but only to those claims that were challenged within the instituted review proceeding, *i.e.*, those claims the USPTO agreed to review. If Congress had intended to require the USPTO to address in its final decision (and thus to institute review on) every claim "challenged in the petition," it could easily have said so; indeed, it used that very language elsewhere in the AIA, 35 U.S.C. 314(a).

b. Construing the AIA to permit the USPTO to institute review as to fewer than all claims challenged in the petition furthers Congress's objectives, whereas petitioner's approach would undermine them. Congress designed inter partes review to improve patent quality and to do so efficiently. Permitting partial institution advances both objectives, by allowing the USPTO to focus on claims most likely to be found unpatentable while avoiding unnecessary use of its resources on claims that have no reasonable likelihood of being cancelled. Petitioner's approach would thwart both aims.

Petitioner contends that partial institution is inconsistent with a purported congressional purpose of making inter partes review a complete substitute for litigation. That argument reflects a misunderstanding of

Congress's aims. Inter partes review was not designed to displace litigation altogether. Congress authorized such review for only two kinds of challenges to patentability (obviousness and lack of novelty), not for every ground of unpatentability that might be asserted in court. As other features of the statute reflect, inter partes review was designed not merely to resolve private disputes, but to provide an administrative mechanism for the USPTO to correct patent claims that were erroneously issued.

2. Whether or not the USPTO's interpretation of the AIA as permitting partial institution reflects the only permissible reading of the statute, that position is reasonable and therefore entitled to deference. The AIA authorizes the USPTO to adopt regulations "establishing and governing inter partes review." 35 U.S.C. 316(a)(4). The agency's view that partial institution is permissible is reflected in a published regulation issued after notice-and-comment rulemaking. Petitioner's broad attacks on deference to administrative agencies' statutory interpretations are particularly misplaced because the regulation at issue here is premised on an explicit statutory grant of rulemaking authority, not on an inference from statutory ambiguity.

II. Petitioner briefly argues that, even if the AIA did not require the USPTO to institute review on every claim challenged in the petition for inter partes review, the Board was still required to address every claim in its final decision. That contention has no basis in the AIA's text or in common sense, and it would produce highly anomalous results.

ARGUMENT

I. THE USPTO PROPERLY DETERMINES ON A CLAIM-BY-CLAIM BASIS WHETHER TO INSTITUTE INTER PARTES REVIEW

Although petitioner ostensibly challenges the scope of the Board's final written decision, its primary argument is that the USPTO erred by instituting inter partes review on fewer than all of the claims as to which review was sought. That contention is not properly before this Court because the AIA precludes judicial review of the USPTO's institution decisions.

In any event, petitioner's argument lacks merit. The AIA provisions that address the institution of inter partes review (35 U.S.C. 311-315) confer very broad discretion on the agency, and they contain no language that even arguably requires the all-or-nothing approach that petitioner advocates. Petitioner relies primarily on the directive in 35 U.S.C. 318(a) that the Board "shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner." But Section 318(a) does not address the USPTO's institution decisions; it addresses the Board's final disposition of an inter partes review after the Board's consideration of the merits is complete. In light of its place within the statutory scheme, the directive on which petitioner relies is best read to refer to the patent claims that the petitioner challenges *within the instituted review proceeding*—*i.e.*, the claims that the USPTO had previously agreed to review—rather than to all claims that were challenged in the petition.

The USPTO therefore has correctly construed the AIA to permit partial institution. At a minimum, the

agency's interpretation, codified in a published regulation issued after notice-and-comment rulemaking, is reasonable and warrants deference.

A. The AIA Forecloses Judicial Review Of Petitioner's Challenge To The USPTO's Decision Not To Institute Review Of Certain Claims

Petitioner's primary argument is that, when a petitioner seeks inter partes review of more than one patent claim, the USPTO must either grant review of all the challenged claims or deny review altogether. Thus, rather than arguing that the Board misjudged the patentability of the claims it had agreed to review, petitioner contends that the Board should have reviewed additional claims. That argument is not properly before the Court because the AIA expressly precludes judicial review of the USPTO's institution decisions. See 35 U.S.C. 314(d); *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131 (2016) (*Cuozzo*).

1. Section 314(d) states that the "determination by the [USPTO] whether to institute an inter partes review under this section shall be final and nonappealable." 35 U.S.C. 314(d). This Court recently confirmed that, at least in general, a "contention that the [USPTO] unlawfully initiated its agency review is not appealable." *Cuozzo*, 136 S. Ct. at 2139. This bar applies both when a party seeks immediate judicial review of the USPTO's institution decision and in any later appeal from the Board's final written decision on the merits. See *id.* at 2140.

Section 314(d)'s purpose and history confirm the natural import of its text. See *Cuozzo*, 136 S. Ct. at 2139-2140. Allowing review of the USPTO's decisions whether to institute inter partes review "would under-

cut one important congressional objective, namely, giving the [agency] significant power to revisit and revise earlier patent grants." *Ibid.* The *Cuozzo* Court

> doubt[ed] that Congress would have granted the [USPTO] this authority, including, for example, the ability to continue proceedings even after the original petitioner settles and drops out, [35 U.S.C.] 317(a), if it had thought that the agency's final decision could be unwound under some minor statutory technicality related to its preliminary decision to institute inter partes review.

Id. at 2140. The fact that prior statutes establishing other mechanisms for administrative review of existing patent claims have similarly foreclosed review of institution decisions "reinforces [this] conclusion." *Ibid.*; see 35 U.S.C. 303(c) (1994) (ex parte reexamination); 35 U.S.C. 312(c) (2000) (inter partes reexamination); cf. 35 U.S.C. 324(e) (post-grant review).

By supplying "clear and convincing indications * * * that Congress intended to bar review" of the USPTO's institution decisions, the statutory text and context "overcome" a background "presumption in favor of judicial review." *Cuozzo*, 136 S. Ct. at 2140 (citations and internal quotation marks omitted); see Pet. Br. 37 (acknowledging that USPTO's institution decision is "not ordinarily reviewable"). The Court in *Cuozzo* held that Section 314(d) "bars judicial review" of the agency's determination whether to institute inter partes review, at least "where the grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application and interpretation of statutes related to the [USPTO's] decision to initiate inter partes review." 136 S. Ct. at 2141-2142. The Court reserved judgment on the possibility that judicial

review might be available for certain other kinds of challenges to the USPTO's institution decisions, such as "appeals that implicate constitutional questions" or "depend on other less closely related statutes." *Id.* at 2141 (citing *Johnson* v. *Robison*, 415 U.S. 361, 367 (1974) (judicial-review bar did not preclude review of constitutional challenges), and *Traynor* v. *Turnage*, 485 U.S. 535, 544-545 (1988) (same judicial-review bar did not preclude review of decisions made under different statutes enacted at different times)); see *id.* at 2141-2142 (suggesting that review might be available if a party asserts a "due process problem" or the USPTO grants review on a ground of unpatentability not authorized by the AIA). Whatever the "precise effect of [Section] 314(d)" on such challenges, however, the statute unambiguously bars review of attacks on the USPTO's interpretation and application of the AIA's provisions that govern institution of inter partes review. *Id.* at 2141.

The patent owner in *Cuozzo* argued that the Board had erred by instituting review as to two of the contested patent claims because the party seeking review had not articulated its challenges to those claims with sufficient particularity, as required by Section 312(a)(3). 136 S. Ct. at 2139. This Court held that Section 314(d) barred review of that "ordinary dispute about the application of certain relevant patent statutes," which lay at the core of Section 314(d)'s bar. *Ibid.* The Court explained that "the 'No Appeal' provision's language must, at the least, forbid an appeal that attacks a 'determination . . . whether to institute' review by raising this kind of legal question and little more." *Ibid.* (quoting 35 U.S.C. 314(d)).

The same rule applies to challenges to the USPTO's decision *not* to institute inter partes review of a particular claim or of an alleged ground of unpatentability

that a petitioner asks the agency to address. By its terms, Section 314(d)'s judicial-review bar applies to decisions "*whether* to institute" inter partes review. 35 U.S.C. 314(d) (emphasis added). And because Section 314 does not impose a "mandate to institute review" in any circumstance, there is no binding directive to do so for a court to enforce. *Cuozzo*, 136 S. Ct. at 2140; see *ibid.* (USPTO's "decision to deny a petition is a matter committed to the [USPTO's] discretion" within the meaning of the Administrative Procedure Act (APA), 5 U.S.C. 701(a)(2)). As applied to denials of inter partes review, Section 314(d) makes explicit and amplifies the "tradition of nonreviewability" of agencies' discretionary "refusals to reconsider" their own prior rulings "for material error," which 5 U.S.C. 701(a)(2) "was meant to preserve." *ICC* v. *Brotherhood of Locomotive Eng'rs*, 482 U.S. 270, 282 (1987).

Cuozzo also makes clear that Section 314(d) applies even when the appellant does not dispute that some form of inter partes review was permissible but challenges the *scope* of the review that the USPTO has decided to institute. In *Cuozzo*, the Board instituted an inter partes review with respect to claims 10, 14, and 17 of the challenged patent. 136 S. Ct. at 2138. Cuozzo argued in the Federal Circuit that the agency had "improperly instituted inter partes review, *at least in respect to claims 10 and 14*, because" the party seeking inter partes review had not articulated its challenges to those claims with sufficient particularity. *Id.* at 2139 (emphasis added). The Court agreed with the Federal Circuit that this challenge was unreviewable, see *id.* at 2139-2142, even though Cuozzo did not contest the agency's decision to institute review of claim 17. Simi-

larly here, Section 314(d) bars judicial review of petitioner's contention that the USPTO, having decided to review some of the challenged patent claims, was required to review the other challenged claims as well.

2. Petitioner's challenge to the USPTO's decision to "institute an inter partes review that is limited to fewer patent claims than [were] challenged in the petition" (Pet. Br. 19) falls squarely within Section 314(d)'s appeal bar. The basis for petitioner's appeal is "closely tied to the application and interpretation of statutes related to the [USPTO's] decision to initiate inter partes review." *Cuozzo*, 136 S. Ct. at 2141. Petitioner principally contends (Br. 17-32) that the USPTO's partial-institution practice is inconsistent with the AIA's requirement that the Board's final decision must address "any patent claim challenged by the petitioner." 35 U.S.C. 318(a). That type of challenge is clearly foreclosed by Section 314(d). See *Cuozzo*, 136 S. Ct. at 2139-2142.

As in *Cuozzo*, the Court need not decide whether or how Section 314(d) applies when an appellant's challenge to a USPTO institution decision is not "ground[ed] * * * in a statute closely related to th[e] decision to institute inter partes review." *Cuozzo*, 136 S. Ct. at 2141-2142. Petitioner's challenge does not "implicate" any "constitutional questions," "depend on other less closely related statutes" removed from the AIA, or "present other questions of interpretation that reach, in terms of scope and impact, well beyond [Section 314]." *Id.* at 2141. Petitioner does not contend, for example, that the all-or-nothing institution procedure it advocates is constitutionally compelled or that the USPTO granted review based on a ground other than the authorized grounds of obviousness or lack of novelty. Cf. *id.* at 2141-2142; 35 U.S.C. 311(b). As in *Cuozzo*, petitioner's argument

rests squarely on its reading of the AIA's provisions addressing inter partes review.

3. In its opening brief, petitioner does not address Section 314(d)'s application to this case. In the court of appeals and in its petition-stage reply brief in this Court, petitioner contended that Section 314(d) does not bar review because petitioner is challenging the Board's final written decision, and 35 U.S.C. 319 permits appeals from such decisions. Cert. Reply Br. 1-2; Pet. C.A. Resp. & Reply Br. 57-59. The Court in *Cuozzo* squarely held, however, that Section 314(d)'s bar on judicial review of institution decisions is not limited to interlocutory appeals, but extends to any appeal from the Board's final merits decision. See 136 S. Ct. at 2140. Petitioner attacks (Br. 26) the USPTO's "partial-institution practice," see *id.* at 19; see also Pet. 13-15, 18-20, and it contends that the agency violated the AIA by instituting review of some but not all of the claims that were challenged in the petition, see, *e.g.*, Pet. Br. 28-32. What matters here, as in *Cuozzo*, is that petitioner's primary argument is in substance a challenge to the agency's institution decision, rather than to the Board's subsequent analysis of the patentability of the claims it had agreed to review.[3]

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[3] Petitioner briefly contends that, even if the USPTO acted lawfully by instituting inter partes review of only some of the challenged claims, Section 318(a) still required the agency to "address all, not just some, of th[e] challenged claims" in its "final written decision." Pet. Br. 36. That distinct contention does not call into question the legality of the USPTO's institution decision, and it therefore is not insulated from judicial review by Section 314(d); but it is meritless for reasons discussed below. See Part II, *infra*.

B. The AIA Authorizes The USPTO To Institute Review As To A Subset Of The Claims Challenged In A Petition

If the Court reaches the issue, it should uphold the USPTO's authority to institute inter partes review on a claim-by-claim basis. The agency regulation codifying that position reflects by far the best reading of the AIA, and at the least it reflects a permissible construction that is entitled to deference.

1. The USPTO's conclusion that it may institute inter partes review on a claim-by-claim basis reflects by far the best interpretation of the AIA

Patents frequently contain multiple claims of varying breadth, and questions concerning the validity of contested patents are generally resolved on a claim-by-claim basis. Thus, in an infringement suit, "[e]ach claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims," 35 U.S.C. 282, and a patentee may continue to enforce valid claims of a patent even after other claims have been invalidated, see 35 U.S.C. 288. Nothing in the AIA suggests that the USPTO must use a fundamentally different all-or-nothing approach in determining whether to institute inter partes review. To the contrary, the AIA's text, structure, and purposes strongly support the USPTO's view that partial institution is permissible.

a. The AIA's text and structure support the USPTO's conclusion that the decision whether to institute inter partes review may be made on a claim-by-claim basis

i. The text and structure of the AIA demonstrate that the USPTO may institute review of a subset of the claims identified in a petition. See *Synopsys, Inc.* v.

Mentor Graphics Corp., 814 F.3d 1309, 1315 (Fed. Cir. 2016) ("[T]he statute is quite clear that the [USPTO] can choose whether to institute inter partes review on a claim-by-claim basis."); Pet. App. 18a-21a. Three aspects of the AIA support the USPTO's interpretation.

First, the AIA provisions that authorize the USPTO to institute inter partes review place no restriction on the scope of that review once the USPTO determines that the statutory prerequisites are satisfied. The AIA permits parties to request inter partes review by filing a petition with the USPTO, and it empowers the agency to institute review if it finds that certain criteria are met. 35 U.S.C. 311-315. Section 311 addresses who may file a petition (any "person who is not the owner of [the] patent"); when it may be filed (after the later of nine months after patent issuance or termination of post-grant review); and what grounds of invalidity the petition may assert (lack of novelty under Section 102, or obviousness under Section 103). 35 U.S.C. 311.[4] Section 312 prescribes the required contents of a petition and precludes a petition from being "considered" unless it includes the required information (and is accompanied by the required fees and supporting documents). 35 U.S.C. 312(a). Section 313 permits the patent owner to file a preliminary response. 35 U.S.C. 313.

Section 314, entitled "Institution of inter partes review," governs the USPTO's adjudication of petitions.

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[4] Section 315 places additional limitations on who may seek inter partes review and when. See 35 U.S.C. 315(a)(1) (no review may be instituted if petitioner has already commenced a civil action challenging a claim of the same patent); 35 U.S.C. 315(b) (no review may be instituted if the petitioner, real party in interest, or privy of the petitioner was served with a complaint alleging infringement of the patent more than one year earlier).

35 U.S.C. 314. Section 314(b) directs the USPTO to "determine whether to institute an inter partes review under this chapter pursuant to a petition filed under [S]ection 311 within 3 months after" the filing of a preliminary response or (if none is filed) the deadline for filing one. 35 U.S.C. 314(b). The agency must notify the parties and the public of its decision. 35 U.S.C. 314(c).

Aside from the AIA's procedural requirements and limitations on the types of patentability challenges that a petitioner may assert, Section 314(a) establishes the only limitation on the USPTO's discretion whether to institute inter partes review. That provision states that the agency "may not authorize an inter partes review to be instituted unless [it] determines," based on the petition and any preliminary response, "that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. 314(a). Section 314(a) thus *prohibits* the USPTO from instituting inter partes review if the agency finds that the petitioner is not likely to succeed with respect to any of the challenged claims, but it imposes "no *mandate* to institute review" in any circumstance, *Cuozzo*, 136 S. Ct. at 2140 (emphasis added). Rather, "the agency's decision to deny a petition is a matter committed to the [USPTO's] discretion." *Ibid.* As petitioner recognizes, the agency has "discretion to deny institution entirely," Pet. Br. 39, even if it finds that the petitioner is reasonably likely to establish the invalidity of at least one challenged claim. Nothing in Section 314 suggests that the USPTO's decision to institute inter partes review with respect to some claims triggers a duty to review other claims as well.

Petitioner's observation (Br. 19) that Section 314(a) does not "explicitly" authorize partial institution is

beside the point. Congress vested the USPTO with broad discretion to decide whether to institute review, subject to specific, enumerated limitations. Under those circumstances, the absence of any explicit limitation of the sort that petitioner advocates is decisive.

It would be particularly anomalous to infer, based on Congress's failure to address specifically the propriety of partial institution, that the USPTO must institute inter partes review on all challenged claims or on none. Petitioner identifies no analogous context in which a court or agency engaged in discretionary review must employ that all-or-nothing approach. This Court and the courts of appeals, for example, may decide on a question-by-question basis whether to grant certiorari or rehearing en banc, respectively, despite the absence of any explicit authorization to use that approach. See 28 U.S.C. 1254(1); Fed. R. App. P. 35(a). Likewise, no specific authorization was necessary for the USPTO to stop short of the outer limit of its power and review only some challenged claims, even though the AIA permitted it to review them all. Petitioner does not appear to dispute that the USPTO may review only some of the *grounds* of unpatentability that a petition asserts as to a particular claim—as the Board did here, Pet. App. 106a; see 37 C.F.R. 42.108(a) (USPTO may limit scope of review to certain grounds as well as certain claims). The agency likewise may elect to institute review as to only certain claims challenged in the petition.

Second, the AIA provisions that govern institution of inter partes review contemplate that the USPTO may conduct a claim-by-claim analysis. Section 312 requires a petition to identify "in writing and with particularity, each claim challenged, the grounds on which the chal-

lenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim." 35 U.S.C. 312(a)(3). It would be odd to require the petitioner to present its challenge in that claim-specific manner if the agency could not similarly tailor its decision to institute inter partes review.

Section 314(a)'s substantive threshold for instituting review likewise presupposes that the USPTO may evaluate claims individually. By directing the agency to determine whether "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition," 35 U.S.C. 314(a), Section 314(a) requires the USPTO to assess the merits of individual claims. When the USPTO finds that a petitioner has satisfied the "reasonable likelihood" standard with respect to only one of two challenged claims, it would be contrary to the logic of that provision to forbid the agency to give effect to that finding by instituting review of one claim but not the other.

Section 314(a)'s use of the phrase "at least 1 of the claims challenged in the petition," 35 U.S.C. 314(a), confirms that the USPTO may apply the statute's reasonable-likelihood test on a claim-by-claim basis. The phrase "at least 1 claim" contemplates that the USPTO may find that *multiple* challenged claims have a reasonable likelihood of being invalidated. Section 314(a) thus assumes that, even after the agency finds that one challenged claim meets the reasonable-likelihood standard, it may proceed to consider whether other challenged claims meet that test as well.

Third, the significant, claim-specific consequences that the AIA attaches to the USPTO's institution decision at later stages of the proceeding make it unlikely that Congress intended to forbid partial institution.

Both the end product of inter partes review—the Board's final written decision on the merits—and its estoppel consequences are specific to the claims challenged. Section 318 provides that, if review is instituted (and unless the proceeding is dismissed), the Board must render a final decision "with respect to the patentability of any patent claim challenged by the petitioner." 35 U.S.C. 318(a). Section 315(e) provides that, in any future lawsuit or administrative proceeding, the petitioner will be estopped from challenging, on grounds that were or could have been raised during inter partes review, any claim as to which inter partes review was instituted. 35 U.S.C. 315(e)(1) and (2). For every claim the USPTO agrees to review, the Board (barring dismissal) thus must issue a decision on the merits that, unless overturned on appeal, will bind the parties; and the petitioner will be precluded from challenging that claim on any other grounds that were previously available. In light of those claim-specific consequences of an instituted inter partes review proceeding, it would be incongruous to put the agency to an all-or-nothing choice between reviewing every claim that the petitioner challenges or denying review altogether.

ii. Petitioner contends (Br. 18-27, 35) that two provisions of the AIA, 35 U.S.C. 311(b) and 318(a), forbid the USPTO from instituting review as to fewer than all of the claims challenged in a petition. Neither provision supports petitioner's argument.

Petitioner argues (Br. 23) that Section 311(b), entitled "SCOPE," "defines the '[S]cope' of inter partes review by reference to the claims that the 'petitioner . . . may request to cancel as unpatentable.'" See Pet. Br. 35. Petitioner misreads the provision, which identifies the types of challenges to patentability that a party

may ask the USPTO to review. 35 U.S.C. 311(b). Section 311(b) states that "[a] petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under [35 U.S.C.] 102 or 103 and only on the basis of prior art consisting of patents or printed publications." *Ibid.* Section 311 thus limits the grounds of unpatentability that may be considered during inter partes review proceedings, but it does not speak to the question whether the USPTO may institute review with respect to a subset of the challenged claims.

Petitioner relies primarily (Br. 18-27) on Section 318(a), which states that, "[i]f an inter partes review is instituted and not dismissed under this chapter, the [Board] shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner." 35 U.S.C. 318(a). Petitioner contends that, because the Board's final decision must address "any patent claim challenged by the petitioner," *ibid.*, the USPTO must address in its final decision—and therefore must institute inter partes review of—every claim "challenged in the petition," Pet. Br. 19. That is incorrect.

The USPTO's decision whether to institute review is governed by Sections 311-315. Those provisions are followed by Section 316 ("Conduct of inter partes review") and Section 317 ("Settlement"). Section 318(a) does not address the decision whether to institute review, but rather applies "[i]f an inter partes review is instituted and not dismissed." 35 U.S.C. 318(a). If Congress had wished to forbid partial institution, Section 318(a)'s language addressing the steps the Board must take *after* conducting its merits inquiry would be a highly oblique way to signal that intention. "Congress * * * does not

alter the fundamental details of a regulatory scheme in vague terms or ancillary provisions—it does not, one might say, hide elephants in mouseholes." *Whitman* v. *American Trucking Ass'ns*, 531 U.S. 457, 468 (2001). If Congress had wished to restrict the USPTO's otherwise-broad discretion over institution decisions by requiring the all-or-nothing choice that petitioner advocates, Section 314 would have been a far more natural place to put that directive. See *Cuozzo*, 136 S. Ct. at 2140 (citing Section 314(a) for the proposition that there is "no mandate to institute review").

In any event, petitioner's interpretation of Section 318(a) fails on its own terms. Within Section 318(a), the phrase "any patent claim challenged by the petitioner" (35 U.S.C. 318(a)) is most naturally read to refer to the claims that are challenged within the instituted inter partes review itself—*i.e.*, the claims as to which the USPTO previously instituted review. Section 318(a)'s opening clause—"If an inter partes review is instituted and not dismissed under this chapter," *ibid.*—makes clear that the Board's duty to issue a final written decision is contingent on, and thus bounded by, the USPTO's initial determination to institute review under Section 314. Because Section 318(a) addresses the final disposition of an inter partes review whose institution is governed by a different statutory provision, the phrase "any patent claim challenged by the petitioner" is properly understood to refer not to all claims of which review was originally requested in the petition, but only to those claims the USPTO agreed to review and did review. Petitioner's observation that Section 318(a) uses mandatory language, providing that the Board "shall issue a final written decision with respect to" every instituted claim, misses the point. Pet. Br. 20

(emphasis omitted) (quoting 35 U.S.C. 318(a)). The only claims the Board's final decision "shall" address are those the agency agreed to review.

That understanding accords with ordinary usage. Parties seeking various forms of discretionary appellate review—whether parties petitioning for a writ of certiorari or for rehearing en banc, p. 27, *supra*, or an individual challenging the denial of habeas corpus who must obtain a certificate of appealability, 28 U.S.C. 2253(c)—must obtain a court's permission to litigate the merits. When the court agrees to review some but not all of the rulings a party asks it to revisit, it is natural to refer to the rulings that the reviewing court agreed to consider as the ones "challenged by the petitioner" in the merits-stage proceedings. So too here, in the discretionary-review context that Section 318(a) addresses, that phrase denotes the claims that the USPTO agreed to review.

Other language in Section 318(a) reinforces this reading. Section 318(a) directs the Board to address not only "any patent claim challenged by the petitioner," but also "any new claim added under [S]ection 316(d)," 35 U.S.C. 318(a). Section 316(d) authorizes new claims to be substituted for existing claims after the petition is filed. See 35 U.S.C. 316(d)(1)(B). The fact that the final written decision may encompass claims that did not exist when the petition was filed reinforces the conclusion that the claims in the petition are not the touchstone.

If Congress had intended to require the Board's final written decision to address every claim "challenged in the petition," Pet. Br. 19, it easily could have said so. Congress used that very language in Section 314(a), which prohibits the USPTO from instituting review unless the challenger is reasonably likely to prevail on "at least 1 of the claims challenged in the petition."

35 U.S.C. 314(a). Section 312 similarly provides that a petition for inter partes review will be considered only if "the petition identifies * * * each claim challenged." 35 U.S.C. 312(a)(3); see Pet. Br. 23. Instead of referring to claims challenged or identified in the petition, Section 318(a) refers to "any patent claim challenged by the petitioner." 35 U.S.C. 318(a).

Congress's choice of different language in nearby provisions of the same statute is presumed to be deliberate. See *Russello* v. *United States*, 464 U.S. 16, 23 (1983). Courts generally should "refrain from concluding" that "differing language in the two subsections has the same meaning in each" and should "not presume to ascribe [such a] difference to a simple mistake in draftsmanship." *Ibid.*; see, *e.g.*, *Department of Homeland Sec.* v. *MacLean*, 135 S. Ct. 913, 919 (2015). Congress's use of "a different phrase when describing claims raised in the petition for inter partes review in [Section] 314(a) and claims on which inter partes review has been instituted in [Section] 318(a)" undermines petitioner's contention that the scope of the two provisions is identical. *Synopsys*, 814 F.3d at 1314-1315; see Pet. App. 21a. Petitioner offers no persuasive explanation of why Congress would have used different text to mean the same thing in Sections 314(a) and 318(a), whereas on the agency's view the difference in language makes perfect sense given the different contexts they are addressing.[5]

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[5] Petitioner speculates in passing (Br. 25) that Section 318(a) refers to claims challenged "by the petitioner" to emphasize that the petitioner controls the scope of the review by crafting the petition, but that cannot explain why Congress chose "by the petitioner" instead of "in the petition."

b. Permitting partial institution furthers Congress's purposes

"Statutory construction * * * is a holistic endeavor," and "[a] provision that may seem ambiguous in isolation" may be "clarified by the remainder of the statutory scheme," as when "only one of the permissible meanings produces a substantive effect that is compatible with the rest of the law." *United Sav. Ass'n of Tex.* v. *Timbers of Inwood Forest Assocs., Ltd.*, 484 U.S. 365, 371 (1988). Construing the AIA to permit partial institution directly advances Congress's objectives in establishing inter partes review, while petitioner's contrary approach would disserve those purposes.

i. The AIA gives the USPTO "significant power to revisit and revise earlier patent grants" in order to "improve patent quality and restore confidence in the presumption of validity that comes with issued patents." *Cuozzo*, 136 S. Ct. at 2139-2140 (quoting House Report 48). Congress also intended the new administrative-review procedures to provide an "*efficient* system for challenging patents that should not have issued." *Id.* at 2144 (quoting House Report 39-40) (emphasis added). The AIA imposes strict timelines on the USPTO's conduct of inter partes review. The agency must decide within three months whether to institute review, 35 U.S.C. 314(b), and if it institutes review, it generally must complete the review within one year (with at most one six-month extension), 35 U.S.C. 316(a)(11). Congress also instructed the USPTO that, in adopting regulations to govern inter partes review, the agency must consider (*inter alia*) "the efficient administration of the [USPTO], and the ability of the [USPTO] to timely complete proceedings instituted under this chapter." 35 U.S.C. 316(b).

Construing the AIA to permit partial institution furthers both of those aims. Limiting an inter partes review proceeding to claims (and grounds) on which the USPTO determines the challenger has a reasonable likelihood of success focuses the agency's resources on matters where review will most improve patent quality —*i.e.*, claims most likely to be invalidated. And by "streamlin[ing] the proceeding," partial institution "aids in the efficient operation of the [USPTO] and the ability of the [USPTO] to complete the proceeding within the one-year timeframe." 2012 Regulations, 77 Fed. Reg. at 48,703. For every claim the USPTO agrees to review, the agency (and the parties) must invest considerable time and resources construing the claim, receiving and weighing evidence (often including expert testimony), and issuing a final written decision. Allowing the USPTO to focus its resources on claims it believes may be invalid helps to minimize unnecessary burdens.

Petitioner's contrary position would undermine both objectives. Petitioner's approach would put the USPTO to an all-or-nothing choice between (A) granting review on every claim the petitioner chose to challenge, and (B) denying review altogether. Neither alternative advances Congress's aims. Granting review of claims that the agency believes have no reasonable likelihood of being invalidated would do little to improve patent quality or restore confidence in the patent system, and it would force the USPTO and the parties to spend time and energy on claims that are unlikely to be affected. But denying review of claims for which the petitioner has satisfied the "reasonable likelihood" standard, simply to avoid the waste of resources the agency believes would attend review of *other* challenged claims,

would prevent inter partes review from improving patent quality in the manner Congress intended.

Petitioner argues (Br. 37-38) that the USPTO's partial-institution approach has not "actually achieved" maximal efficiency because the agency has chosen to issue "written decisions" explaining why it declined to grant review of some challenged claims. Petitioner asserts (*ibid.*) that the USPTO could issue "a simple thumbs-up 'notice' to the parties, and eventually in the *Federal Register*, that an inter partes review has been instituted and will commence on a certain date." But Congress directed the USPTO rather than the courts to decide how best to achieve efficiency and to organize its own procedures. See 35 U.S.C. 2(b)(2), 316(a)(2) and (4). Exercising that authority, the USPTO has encouraged the Board to explain its decisions to institute review on some challenged claims but not on others because the USPTO determined that the benefits of doing so outweigh the costs. See 2012 Trial Practice Guide, 77 Fed. Reg. at 48,765. The USPTO has reasonably determined that the Board, the parties, and future litigants all may benefit from the analysis set forth in the Board's institution-phase rulings. Institution decisions also provide a valuable opportunity to streamline the proceedings by clarifying other issues, such as restricting the instituted proceeding to the most persuasive prior art, as the Board did in this case. See Pet. App. 127a. In any event, petitioner's contention that the USPTO could achieve even greater efficiency by offering less detailed explanations for its institution decisions provides no logical basis for disapproving the agency's partial-institution practice.

ii. Petitioner argues (Br. 28) that partial institution hinders a different purported congressional objective

"to have patentability determinations as to a particular patent adjudicated efficiently in a single proceeding, either before the Board or in court." See Pet. Br. 28-32. But inter partes review is just one of several mechanisms —which also include ex parte reexamination, post-grant review, and covered business-method review—through which the USPTO reconsiders existing patents. See pp. 4-7, *supra*. Congress did not expect or intend that those mechanisms, either individually or collectively, would wholly displace litigation as a means of resolving disputes about patent validity. See, *e.g.*, House Report 48 ("The post-grant review procedure is not intended, however, to inhibit patent owners from pursuing the various avenues of enforcement of their rights under a patent, and the amendment makes clear that the filing or institution of a post-grant review proceeding does not limit a patent owner from commencing such actions.").

That is especially true of inter partes review, which is limited in scope. Unlike some other forms of administrative review of existing patent claims, inter partes review is limited to disputes over novelty and obviousness under 35 U.S.C. 102 and 103 (2012 & Supp. III 2015). See 35 U.S.C. 311(b); cf. 35 U.S.C. 321(b) (post-grant review may encompass challenges based on any condition of patentability set forth in 35 U.S.C. 100-212 (2012 & Supp. III 2015)). Congress thus excluded from inter partes review various other grounds for contesting validity or enforceability—*e.g.*, unpatentable subject matter, 35 U.S.C. 101; arguments that the specification lacks a sufficient written description of the invention, fails to enable it, or fails to provide the best mode for carrying out the invention, 35 U.S.C. 112(a); the defense of inequitable conduct, see *Therasense, Inc.* v. *Becton, Dickinson & Co.*, 649 F.3d 1276, 1285 (Fed. Cir.

2011); and anticipation or obviousness based on prior art other than patents or printed publications, such as other evidence that the invention was on sale or in public use prior to the date of invention or filing, 35 U.S.C. 102(a)—that are commonly asserted as defenses in district-court infringement litigation. Even under petitioner's approach, moreover, inter partes review and the preclusive effect of a final decision would be limited to the particular patent claims of which the petitioner sought review. See 35 U.S.C. 315(e), 318(a). Congress therefore could not have expected that inter partes review would obviate the need for federal-court litigation of patent-validity issues.

Inter partes review differs from district-court litigation in other respects as well. While federal-court lawsuits are subject to Article III's justiciability requirements, any "person who is not the owner" of the patent may file a petition for inter partes review. 35 U.S.C. 311. Consistent with the nature of inter partes review as a mechanism for the agency to revisit its own prior determinations, "[p]arties that initiate the proceeding need not have a concrete stake in the outcome" to seek review, *Cuozzo*, 136 S. Ct. at 2143-2144, and the USPTO may "continue to conduct an inter partes review even after the adverse party has settled," *id.* at 2144; see 35 U.S.C. 317. These and other aspects of the statutory scheme show that "the purpose of [an inter partes review] proceeding is not quite the same as the purpose of district court litigation." *Cuozzo*, 136 S. Ct. at 2144. "[I]n addition to helping resolve concrete patent-related disputes among parties, inter partes review helps protect the public's paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope" by enabling the agency to review existing

claims and cancel those that "should not have issued." *Ibid.* (citations and internal quotation marks omitted).

Even when both inter partes review and district-court litigation are commenced regarding the same patent, the USPTO's partial-institution approach may enhance the efficiency of district-court litigation. The USPTO's announcement that certain claims will not be reviewed can assist courts in planning their own proceedings. If the agency institutes review and the Board upholds even one claim of a patent, its decision may prompt the parties to reach a settlement as to other claims, because infringement of one valid claim can give rise to injunctive relief and damages, 35 U.S.C. 283, 284. Petitioner suggests (Br. 29) that, if the USPTO institutes review on an unduly small subset of the claims for which review is sought, the Board's final decision may not produce sufficient clarity for the process to be worthwhile. But if a challenger is dissatisfied with the scope of the review the Board institutes, the AIA permits the parties jointly to terminate the proceedings (before a final written decision is issued) without estoppel attaching. 35 U.S.C. 317(a).

By contrast, petitioner's all-or-nothing approach could exacerbate interference with district-court litigation and invite gamesmanship. That approach could give a defendant sued for infringement of one relatively strong claim in a patent an incentive to request inter partes review of that claim along with other, more vulnerable claims, in an effort to delay or disrupt the pending litigation. On petitioner's view, unless the USPTO forgoes review altogether—in which case the agency would miss an opportunity to review the vulnerable claims—its only option would be to institute review as to the strong claim (which was asserted in the litigation)

and the more vulnerable claims (which were not). If the USPTO does institute review on all of the challenged claims, the court overseeing the infringement suit might stay those proceedings pending the agency's final decision; although not required by the AIA, courts often stay litigation pending completion of inter partes review, as the district court did in the infringement litigation between petitioner and the patent owner here (respondent ComplementSoft), see Pet. Br. 29. If that tactic succeeds, an alleged infringer could effectively delay judgment in the infringement litigation—and in turn injunctive relief and damages—for many months.

In any event, a decision of this Court recognizing that partial institution is *permissible* would not *preclude* the USPTO from instituting review with respect to all challenged claims in circumstances where the agency views that course as desirable. The disputed question in this case is whether the agency *must* follow petitioner's all-or-nothing approach even when it believes that more limited review would be a better use of its own and the parties' resources. Petitioner offers no sound reason to believe that overriding the agency's judgment in those circumstances would produce more efficient results overall. And, given the broad discretion that Congress conferred on the USPTO with respect to institution decisions, there is no reason to suppose that Congress intended to mandate petitioner's all-or-nothing approach.

2. The USPTO's regulation construing the AIA to permit partial institution is entitled to deference

For the reasons stated above, the AIA is best read to permit the USPTO to institute inter partes review with respect to a subset of the claims of which review is sought. The Court need not decide, however, whether

that interpretation is the best or only plausible construction. The USPTO's interpretation, adopted after notice-and-comment rulemaking, is at a minimum reasonable and is entitled to deference. *Chevron U.S.A. Inc.* v. *Natural Res. Def. Council, Inc.*, 467 U.S. 837, 843-844 (1984); see *Entergy Corp.* v. *Riverkeeper, Inc.*, 556 U.S. 208, 218 & n.4 (2009) (agency's statutory interpretation in regulation "governs if it is a reasonable interpretation of the statute—not necessarily the only possible interpretation, nor even the interpretation deemed *most* reasonable by the courts").

a. The AIA states that the USPTO "shall prescribe" regulations concerning a number of topics, including rules "establishing and governing inter partes review" and rules "setting forth the standards for the showing of sufficient grounds to institute a review under [S]ection 314(a)." 35 U.S.C. 316(a)(2) and (4). Congress further instructed that, in "prescribing regulations" on these and other topics, the USPTO "shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the [USPTO], and the ability of the [USPTO] to timely complete proceedings instituted under this chapter." 35 U.S.C. 316(b). After conducting a notice-and-comment rulemaking, the USPTO adopted a regulation that allows the Board to "streamline" inter partes review (2012 Regulations, 77 Fed. Reg. at 48,703) by "authoriz[ing] the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim," 37 C.F.R. 42.108(a). The agency considered and rejected a proposal to require "all challenged claims to be included in the *inter partes* review when there is a reasonable likelihood of prevail-

ing with respect to one challenged claim." 2012 Regulations, 77 Fed. Reg. at 48,702; see *id.* at 48,702-48,703. Instead, the regulation permits the Board to grant review on fewer than all challenged claims, and the preamble states that the Board "should limit the claims in the review to only those claims that meet the [reasonable-likelihood] threshold." *Id.* at 48,703.[6]

The USPTO's partial-institution regulation falls comfortably within the agency's broad rulemaking authority. The rule "establish[es] and govern[s] inter partes review." 35 U.S.C. 316(a)(4). And insofar as it permits the Board to apply Section 314(a)'s reasonable-likelihood standard on a claim-by-claim basis, the regulation also "set[s] forth the standards for the showing of sufficient grounds to institute a review under [S]ection 314(a)." 35 U.S.C. 316(a)(2); see *City of Arlington* v. *FCC*, 133 S. Ct. 1863, 1874 (2013) ("general conferral of rulemaking authority" authorizes rules "for *all* the matters the agency is charged with administering").

b. The USPTO's regulation permitting partial institution reflects at least "a reasonable interpretation of the statute." *Entergy*, 556 U.S. at 218. That approach is faithful to the AIA's text and structure, and it directly

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[6] The regulation also provides that, "[a]t any time prior to institution of *inter partes* review, the Board may deny some or all grounds for unpatentability for some or all of the challenged claims"—which constitutes "a Board decision not to institute *inter partes* review on that ground"—and that the Board shall not institute review on a particular ground "unless the Board decides that the petition supporting the ground would demonstrate that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable." 2012 Regulations, 77 Fed. Reg. at 48,728 (37 C.F.R. 42.108(b) and (c)). As noted, see p. 27, *supra*, petitioner does not appear to challenge the USPTO's practice of denying review on certain grounds of unpatentability raised in a petition.

furthers Congress's purposes. See Part I.B.1, *supra*. In adopting the rule, the USPTO explained both why it is "consistent with the statute" and why it is beneficial for inter partes proceedings. 2012 Regulations, 77 Fed. Reg. at 48,703. The agency noted the AIA's various provisions that contemplate claim-specific submissions, analyses, and determinations—including Section 312's requirements for petitions, Section 314's threshold for review, and Section 315's provision for "estoppel on a claim-by-claim basis." *Ibid.* The USPTO also highlighted Congress's directive to ensure the "efficient administration of the [USPTO] and the ability of the [USPTO] to complete the proceedings timely," and it explained that "streamlin[ing]" review through partial institution "aids in the efficient operation of the [USPTO] and the ability of the [USPTO] to complete the proceeding within the one-year timeframe." *Ibid.* The agency further observed that it would be "inefficient and unfair to patent owner[s] to require a full response to challenges on claims that do not meet the initial threshold." *Ibid.*

Petitioner principally contends (Br. 33-36) that the USPTO's regulation should receive no deference because the statutory text is clear. That is incorrect. Even if the AIA's text and structure could plausibly be read to support petitioner's all-or-nothing rule, the statute does not *compel* that approach. Nothing in the provisions that address the institution of inter partes review says anything to that effect. See 35 U.S.C. 311-315; see pp. 25-27, *supra*. Section 318(a) likewise does not address the scope of review the USPTO must institute, and it is best read to require only that final decisions must address the claims the USPTO has agreed to review. See pp. 30-33, *supra*. At the very

most, Section 318(a)'s directive that the USPTO's final written decision must address "any patent claim challenged by the petitioner," 35 U.S.C. 318(a), is ambiguous. Under *Chevron*, the agency's reasonable interpretation of that language—*i.e.*, that the directive applies to claims challenged within the instituted inter partes proceeding—is entitled to controlling weight.

Petitioner also asserts (Br. 39-42) that the USPTO's interpretation fails at *Chevron*'s second step. But its argument merely repeats petitioner's submission that partial institution is inconsistent with Congress's purposes. As shown above, petitioner is incorrect. See Part I.B.1.b, *supra*. At a minimum, the USPTO acted reasonably in concluding that allowing partial institution will make inter partes review a more efficient mechanism for achieving Congress's objectives.

c. Petitioner also appears to criticize *Chevron* more generally, and to contend that the USPTO's interpretations of the federal patent laws should not receive judicial deference. Pet. Br. 16, 40-41. This Court's precedents foreclose that argument. Congress has authorized the USPTO to adopt regulations governing the relevant aspects of inter partes review. See 35 U.S.C. 316(a)(2) and (4). Only two Terms ago, this Court accorded deference to another USPTO regulation that was adopted pursuant to Section 316(a)(4) and governed a different aspect of inter partes proceedings. See *Cuozzo*, 136 S. Ct. at 2142-2144.

Petitioner's principal criticism of *Chevron*, moreover, is inapposite here. Petitioner argues (Br. 40-41) that statutory ambiguity cannot properly be treated as an implicit delegation of interpretive authority that could warrant judicial deference to an agency. Whatever the merits of that criticism, it has no application

here because the USPTO adopted its partial-institution rule pursuant to an explicit grant of authority to issue regulations governing this and other aspects of inter partes proceedings. Because the AIA "contains an express and clear conferral of authority to the [USPTO] to promulgate rules governing its own proceedings," deference to the interpretation reflected in the USPTO's regulation does "not rest on" the assumption that "ambiguity in a statutory term is best construed as an implicit delegation of power to an administrative agency to determine the bounds of the law." *Cuozzo*, 136 S. Ct. at 2148 (Thomas, J., concurring) (opining that, irrespective of *Chevron*, the analysis of the USPTO's rule would be "effectively" the same under the APA, 5 U.S.C. 706(2)(A)); see *Capital Cities Cable, Inc.* v. *Crisp*, 467 U.S. 691, 699 (1984) ("Where Congress has directed an administrator to exercise his discretion, his judgments are subject to judicial review only to determine whether he has exceeded his statutory authority or acted arbitrarily." (citations omitted)). By any measure, the USPTO's regulation reflects a reasonable exercise of the agency's statutory authority to promulgate rules governing the conduct of inter partes review proceedings.

II. THE BOARD PROPERLY ISSUES FINAL WRITTEN DECISIONS ADDRESSING ONLY THOSE CLAIMS FOR WHICH THE AGENCY INSTITUTED REVIEW

As explained above, petitioner relies substantially on Section 318(a), which directs the Board at the conclusion of an inter partes review to "issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d)." 35 U.S.C. 318(a); see pp. 30-33, *supra*. Petitioner construes the phrase "any

patent claim challenged by the petitioner" to encompass every patent claim that was challenged in the petition for inter partes review. Pet. Br. 18-27. Petitioner's principal contention is that, in order to issue a final written decision addressing the patentability of all such claims, the USPTO must institute review of all claims challenged in the petition if it institutes review at all. Because that argument challenges "[t]he determination by the [USPTO] whether to institute an inter partes review," 35 U.S.C. 314(d), it is not properly before this Court, see Part I.A, *supra*; and the argument lacks merit in any event, see Part I.B, *supra*.

Petitioner also briefly contends in the alternative (Br. 36) that, even if the USPTO's partial-institution practice is lawful, "the Board's final written decision must address all, not just some, of" the claims challenged in the petition, including "any claims on which inter partes review was not 'instituted.'" That argument likewise rests on petitioner's view that the phrase "any patent claim challenged by the petitioner" in Section 318(a) encompasses all patent claims challenged in the petition for inter partes review. Because that distinct contention does not call into question the legality of the agency's institution decision, Section 314(d) does not insulate it from judicial review; but the Court should reject it on the merits. See *Synopsys*, 814 F.3d at 1315 ("[T]he statute would make very little sense if it required the Board to issue final decisions addressing patent claims for which inter partes review had not been initiated.").

The precise reach of petitioner's alternative argument is unclear. Section 318(a) states that, when an inter partes review has been instituted and not dismissed, the Board "shall issue a final written decision

with respect to the patentability of any patent claim challenged by the petitioner." 35 U.S.C. 318(a). For the patent claims as to which review was previously instituted, a decision "with respect to * * * patentability" is understood to mean a bottom-line determination whether the petitioner has established the unpatentability of the reviewed claims. If Section 318(a)'s directive applied even to patent claims that the Board previously declined to review, the Board might be required to issue a final decision, with the estoppel effects described in Section 315(e), that the unreviewed claims are or are not patentable. It would be highly anomalous, however, to require the Board to issue such a decision without first analyzing those claims through the procedures that the AIA and the USPTO's rules have prescribed for the conduct of inter partes review. See *Synopsys*, 814 F.3d at 1315 (explaining that the AIA should not be read to "require the Board to issue a final determination on validity of patent claims without the benefit of" full merits briefing). That approach would also require the Federal Circuit to review fact-intensive questions of novelty and obviousness based on an administrative record that is limited to the petition for review and any preliminary response from the patent owner.

In arguing that "the Board's final written decision must address all, not just some, of" the claims challenged in the petition (Pet. Br. 36), petitioner may instead contemplate that the Board can "address" unreviewed claims in a manner that satisfies petitioner's proposed rule without announcing a bottom-line determination as to their patentability. For example, the Board might "address" unreviewed claims in its final written decision by simply noting its prior finding at the institution stage that the petitioner had not satisfied the

"reasonable likelihood" standard with respect to those claims. At least so long as it was not used to facilitate back-door judicial review of the Board's institution decisions, a requirement that could be satisfied in that manner might do little harm (indeed, the Board's final written decision in this case contained such language, see Pet. App. 73a n.2, 84a & n.3); but it would serve no useful purpose. With respect to the claims that the Board had previously declined to review, such language would not constitute a final determination as to patentability that the Federal Circuit could review on appeal.

The Court can avoid the problems that petitioner's alternative argument entails by recognizing that the phrase "any patent claim challenged by the petitioner" in Section 318(a) refers only to those patent claims that the petitioner challenges *within the instituted review*, *i.e.*, those claims whose patentability the agency previously agreed to assess. See pp. 30-33, *supra*. That approach is consistent both with Section 318(a)'s text and with its place in the statutory scheme. Petitioner concedes (Br. 27) that the USPTO need not address in its final written decision any patent claims that the agency previously decided to review but that the patent owner later voluntarily agreed to have cancelled. Although such claims were challenged in the petition for inter partes review, they are not covered by Section 318(a)'s mandate because their validity is no longer disputed within the instituted review by the time the Board issues its final written decision. *A fortiori*, the Board need not address in its final decision claims the agency never agreed to review at all.

CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

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SEPTEMBER 2017

APPENDIX

1. 35 U.S.C. 102 (2012 & Supp. III 2015) provides:

Conditions for patentability; novelty

(a) NOVELTY; PRIOR ART.—A person shall be entitled to a patent unless—

(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

(b) EXCEPTIONS.—

(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who

obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS.—A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

(c) COMMON OWNERSHIP UNDER JOINT RESEARCH AGREEMENTS.—Subject matter disclosed and a claimed invention shall be deemed to have been owned by the same person or subject to an obligation of assignment to the same person in applying the provisions of subsection (b)(2)(C) if—

(1) the subject matter disclosed was developed and the claimed invention was made by, or on behalf of, 1 or more parties to a joint research agreement

that was in effect on or before the effective filing date of the claimed invention;

(2) the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement; and

(3) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.

(d) PATENTS AND PUBLISHED APPLICATIONS EFFECTIVE AS PRIOR ART.—For purposes of determining whether a patent or application for patent is prior art to a claimed invention under subsection (a)(2), such patent or application shall be considered to have been effectively filed, with respect to any subject matter described in the patent or application—

(1) if paragraph (2) does not apply, as of the actual filing date of the patent or the application for patent; or

(2) if the patent or application for patent is entitled to claim a right of priority under section 119, 365(a), 365(b), 386(a), or 386(b), or to claim benefit of an earlier filing date under section 120, 121, 365(c), or 386(c), based upon 1 or more prior filed applications for patent, as of the filing date of the earliest such application that describes the subject matter.

2. 35 U.S.C. 103 provides:

Conditions for patentability; non-obvious subject matter

A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102, if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains. Patentability shall not be negated by the manner in which the invention was made.

3. 35 U.S.C. 282 provides:

Presumption of validity; defenses

(a) IN GENERAL.—A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

(b) DEFENSES.—The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement or unenforceability.

(2) Invalidity of the patent or any claim in suit on any ground specified in part II as a condition for patentability.

(3) Invalidity of the patent or any claim in suit for failure to comply with—

(A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or

(B) any requirement of section 251.

(4) Any other fact or act made a defense by this title.

(c) NOTICE OF ACTIONS; ACTIONS DURING EXTENSION OF PATENT TERM.—In an action involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Federal Claims, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or offered for sale the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires. Invalidity of the extension of a patent term or any portion thereof

under section 154(b) or 156 because of the material failure—

(1) by the applicant for the extension, or

(2) by the Director,

to comply with the requirements of such section shall be a defense in any action involving the infringement of a patent during the period of the extension of its term and shall be pleaded. A due diligence determination under section 156(d)(2) is not subject to review in such an action.

4. 35 U.S.C. 283 provides:

Injunction

The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.

5. 35 U.S.C. 284 provides:

Damages

Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. Increased damages under this paragraph shall not apply to provisional rights under section 154(d).

The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

6. 35 U.S.C. 288 provides:

Action for infringement of a patent containing an invalid claim

Whenever a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid. The patentee shall recover no costs unless a disclaimer of the invalid claim has been entered at the Patent and Trademark Office before the commencement of the suit.

7. 35 U.S.C. 301 provides:

Citation of prior art and written statements

(a) IN GENERAL.—Any person at any time may cite to the Office in writing—

(1) prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent; or

(2) statements of the patent owner filed in a proceeding before a Federal court or the Office in which the patent owner took a position on the scope of any claim of a particular patent.

(b) OFFICIAL FILE.—If the person citing prior art or written statements pursuant to subsection (a) explains in writing the pertinence and manner of applying the prior art or written statements to at least 1 claim of the patent, the citation of the prior art or written statements and the explanation thereof shall become a part of the official file of the patent.

(c) ADDITIONAL INFORMATION.—A party that submits a written statement pursuant to subsection (a)(2) shall include any other documents, pleadings, or evidence from the proceeding in which the statement was filed that addresses the written statement.

(d) LIMITATIONS.—A written statement submitted pursuant to subsection (a)(2), and additional information submitted pursuant to subsection (c), shall not be considered by the Office for any purpose other than to determine the proper meaning of a patent claim in a proceeding that is ordered or instituted pursuant to section 304, 314, or 324. If any such written statement or additional information is subject to an applicable protective order, such statement or information shall be redacted to exclude information that is subject to that order.

(e) CONFIDENTIALITY.—Upon the written request of the person citing prior art or written statements pursuant to subsection (a), that person's identity shall be excluded from the patent file and kept confidential.

8. 35 U.S.C. 302 provides:

Request for reexamination

Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301. The request must be in writing and must be accompanied by payment of a reexamination fee established by the Director pursuant to the provisions of section 41. The request must set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested. Unless the requesting person is the owner of the patent, the Director promptly will send a copy of the request to the owner of record of the patent.

9. 35 U.S.C. 303 provides:

Determination of issue by Director

(a) Within three months following the filing of a request for reexamination under the provisions of section 302, the Director will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On his own initiative, and any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 or 302. The existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was

previously cited by or to the Office or considered by the Office.

(b) A record of the Director's determination under subsection (a) of this section will be placed in the official file of the patent, and a copy promptly will be given or mailed to the owner of record of the patent and to the person requesting reexamination, if any.

(c) A determination by the Director pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable. Upon such a determination, the Director may refund a portion of the reexamination fee required under section 302.

10. 35 U.S.C. 304 provides:

Reexamination order by Director

If, in a determination made under the provisions of subsection 303(a), the Director finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination will include an order for reexamination of the patent for resolution of the question. The patent owner will be given a reasonable period, not less than two months from the date a copy of the determination is given or mailed to him, within which he may file a statement on such question, including any amendment to his patent and new claim or claims he may wish to propose, for consideration in the reexamination. If the patent owner files such a statement, he promptly will serve a copy of it on the person who has requested reexamination under the provisions

of section 302. Within a period of two months from the date of service, that person may file and have considered in the reexamination a reply to any statement filed by the patent owner. That person promptly will serve on the patent owner a copy of any reply filed.

11. 35 U.S.C. 311 provides:

Inter partes review

(a) IN GENERAL.—Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent. The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review.

(b) SCOPE.—A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.

(c) FILING DEADLINE.—A petition for inter partes review shall be filed after the later of either—

(1) the date that is 9 months after the grant of a patent; or

(2) if a post-grant review is instituted under chapter 32, the date of the termination of such post-grant review.

12. 35 U.S.C. 312 provides:

Petitions

(a) REQUIREMENTS OF PETITION.—A petition filed under section 311 may be considered only if—

(1) the petition is accompanied by payment of the fee established by the Director under section 311;

(2) the petition identifies all real parties in interest;

(3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, including—

(A) copies of patents and printed publications that the petitioner relies upon in support of the petition; and

(B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on expert opinions;

(4) the petition provides such other information as the Director may require by regulation; and

(5) the petitioner provides copies of any of the documents required under paragraphs (2), (3), and (4) to the patent owner or, if applicable, the designated representative of the patent owner.

(b) PUBLIC AVAILABILITY.—As soon as practicable after the receipt of a petition under section 311, the Director shall make the petition available to the public.

13. 35 U.S.C. 313 provides:

Preliminary response to petition

If an inter partes review petition is filed under section 311, the patent owner shall have the right to file a preliminary response to the petition, within a time period set by the Director, that sets forth reasons why no inter partes review should be instituted based upon the failure of the petition to meet any requirement of this chapter.

14. 35 U.S.C. 314 provides:

Institution of inter partes review

(a) THRESHOLD.—The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

(b) TIMING.—The Director shall determine whether to institute an inter partes review under this chapter pursuant to a petition filed under section 311 within 3 months after—

(1) receiving a preliminary response to the petition under section 313; or

(2) if no such preliminary response is filed, the last date on which such response may be filed.

(c) NOTICE.—The Director shall notify the petitioner and patent owner, in writing, of the Director's

determination under subsection (a), and shall make such notice available to the public as soon as is practicable. Such notice shall include the date on which the review shall commence.

(d) NO APPEAL.—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.

15. 35 U.S.C. 315 provides:

Relation to other proceedings or actions

(a) INFRINGER'S CIVIL ACTION.—

(1) INTER PARTES REVIEW BARRED BY CIVIL ACTION.—An inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

(2) STAY OF CIVIL ACTION.—If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for inter partes review of the patent, that civil action shall be automatically stayed until either—

(A) the patent owner moves the court to lift the stay;

(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or

(C) the petitioner or real party in interest moves the court to dismiss the civil action.

(3) TREATMENT OF COUNTERCLAIM.—A counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.

(b) PATENT OWNER'S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

(c) JOINDER.—If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

(d) MULTIPLE PROCEEDINGS.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay,

determination under subsection (a), and shall make such notice available to the public as soon as is practicable. Such notice shall include the date on which the review shall commence.

(d) NO APPEAL.—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.

15. 35 U.S.C. 315 provides:

Relation to other proceedings or actions

(a) INFRINGER'S CIVIL ACTION.—

(1) INTER PARTES REVIEW BARRED BY CIVIL ACTION.—An inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

(2) STAY OF CIVIL ACTION.—If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for inter partes review of the patent, that civil action shall be automatically stayed until either—

(A) the patent owner moves the court to lift the stay;

(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or

(C) the petitioner or real party in interest moves the court to dismiss the civil action.

(3) TREATMENT OF COUNTERCLAIM.—A counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.

(b) PATENT OWNER'S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

(c) JOINDER.—If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

(d) MULTIPLE PROCEEDINGS.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay,

transfer, consolidation, or termination of any such matter or proceeding.

(e) ESTOPPEL.—

(1) PROCEEDINGS BEFORE THE OFFICE.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

(2) CIVIL ACTIONS AND OTHER PROCEEDINGS.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

16. 35 U.S.C. 316 provides:

Conduct of inter partes review

(a) REGULATIONS.—The Director shall prescribe regulations—

(1) providing that the file of any proceeding under this chapter shall be made available to the public, except that any petition or document filed with the intent that it be sealed shall, if accompanied by a motion to seal, be treated as sealed pending the outcome of the ruling on the motion;

(2) setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a);

(3) establishing procedures for the submission of supplemental information after the petition is filed;

(4) establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title;

(5) setting forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to—

(A) the deposition of witnesses submitting affidavits or declarations; and

(B) what is otherwise necessary in the interest of justice;

(6) prescribing sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or to cause unnec-

essary delay or an unnecessary increase in the cost of the proceeding;

(7) providing for protective orders governing the exchange and submission of confidential information;

(8) providing for the filing by the patent owner of a response to the petition under section 313 after an inter partes review has been instituted, and requiring that the patent owner file with such response, through affidavits or declarations, any additional factual evidence and expert opinions on which the patent owner relies in support of the response;

(9) setting forth standards and procedures for allowing the patent owner to move to amend the patent under subsection (d) to cancel a challenged claim or propose a reasonable number of substitute claims, and ensuring that any information submitted by the patent owner in support of any amendment entered under subsection (d) is made available to the public as part of the prosecution history of the patent;

(10) providing either party with the right to an oral hearing as part of the proceeding;

(11) requiring that the final determination in an inter partes review be issued not later than 1 year after the date on which the Director notices the institution of a review under this chapter, except that the Director may, for good cause shown, extend the 1-year period by not more than 6 months, and may adjust the time periods in this paragraph in the case of joinder under section 315(c);

(12) setting a time period for requesting joinder under section 315(c); and

(13) providing the petitioner with at least 1 opportunity to file written comments within a time period established by the Director.

(b) CONSIDERATIONS.—In prescribing regulations under this section, the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.

(c) PATENT TRIAL AND APPEAL BOARD.—The Patent Trial and Appeal Board shall, in accordance with section 6, conduct each inter partes review instituted under this chapter.

(d) AMENDMENT OF THE PATENT.—

(1) IN GENERAL.—During an inter partes review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways:

(A) Cancel any challenged patent claim.

(B) For each challenged claim, propose a reasonable number of substitute claims.

(2) ADDITIONAL MOTIONS.—Additional motions to amend may be permitted upon the joint request of the petitioner and the patent owner to materially advance the settlement of a proceeding under section 317, or as permitted by regulations prescribed by the Director.

(3) SCOPE OF CLAIMS.—An amendment under this subsection may not enlarge the scope of the claims of the patent or introduce new matter.

(e) EVIDENTIARY STANDARDS.—In an inter partes review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.

17. 35 U.S.C. 317 provides:

Settlement

(a) IN GENERAL.—An inter partes review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed. If the inter partes review is terminated with respect to a petitioner under this section, no estoppel under section 315(e) shall attach to the petitioner, or to the real party in interest or privy of the petitioner, on the basis of that petitioner's institution of that inter partes review. If no petitioner remains in the inter partes review, the Office may terminate the review or proceed to a final written decision under section 318(a).

(b) AGREEMENTS IN WRITING.—Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or in contemplation of, the termination of an inter partes review under this section shall be in writing and a true copy of such agreement or understand-

ing shall be filed in the Office before the termination of the inter partes review as between the parties. At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents, and shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.

18. 35 U.S.C. 318 provides:

Decision of the Board

(a) FINAL WRITTEN DECISION.—If an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).

(b) CERTIFICATE.—If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

(c) INTERVENING RIGHTS.—Any proposed amended or new claim determined to be patentable and incorporated into a patent following an inter partes review under this chapter shall have the same effect as that

specified in section 252 for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation therefor, before the issuance of a certificate under subsection (b).

(d) DATA ON LENGTH OF REVIEW.—The Office shall make available to the public data describing the length of time between the institution of, and the issuance of a final written decision under subsection (a) for, each inter partes review.

19. 35 U.S.C. 319 provides:

Appeal

A party dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) may appeal the decision pursuant to sections 141 through 144. Any party to the inter partes review shall have the right to be a party to the appeal.

20. 35 U.S.C. 321 provides:

Post-grant review

(a) IN GENERAL.—Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute a post-grant review of the patent. The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to

be reasonable, considering the aggregate costs of the post-grant review.

(b) SCOPE.—A petitioner in a post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim).

(c) FILING DEADLINE.—A petition for a post-grant review may only be filed not later than the date that is 9 months after the date of the grant of the patent or of the issuance of a reissue patent (as the case may be).

21. 35 U.S.C. 322 provides:

Petitions

(a) REQUIREMENTS OF PETITION.—A petition filed under section 321 may be considered only if—

(1) the petition is accompanied by payment of the fee established by the Director under section 321;

(2) the petition identifies all real parties in interest;

(3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, including—

(A) copies of patents and printed publications that the petitioner relies upon in support of the petition; and

(B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on other factual evidence or on expert opinions;

(4) the petition provides such other information as the Director may require by regulation; and

(5) the petitioner provides copies of any of the documents required under paragraphs (2), (3), and (4) to the patent owner or, if applicable, the designated representative of the patent owner.

(b) PUBLIC AVAILABILITY.—As soon as practicable after the receipt of a petition under section 321, the Director shall make the petition available to the public.

22. 35 U.S.C. 323 provides:

Preliminary response to petition

If a post-grant review petition is filed under section 321, the patent owner shall have the right to file a preliminary response to the petition, within a time period set by the Director, that sets forth reasons why no post-grant review should be instituted based upon the failure of the petition to meet any requirement of this chapter.

23. 35 U.S.C. 324 provides:

Institution of post-grant review

(a) THRESHOLD.—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the peti-

tion filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

(b) ADDITIONAL GROUNDS.—The determination required under subsection (a) may also be satisfied by a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications.

(c) TIMING.—The Director shall determine whether to institute a post-grant review under this chapter pursuant to a petition filed under section 321 within 3 months after—

(1) receiving a preliminary response to the petition under section 323; or

(2) if no such preliminary response is filed, the last date on which such response may be filed.

(d) NOTICE.—The Director shall notify the petitioner and patent owner, in writing, of the Director's determination under subsection (a) or (b), and shall make such notice available to the public as soon as is practicable. Such notice shall include the date on which the review shall commence.

(e) NO APPEAL.—The determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable.

24. 37 C.F.R. 42.4 provides:

Notice of trial.

(a) *Institution of trial.* The Board institutes the trial on behalf of the Director.

(b) Notice of a trial will be sent to every party to the proceeding. The entry of the notice institutes the trial.

(c) The Board may authorize additional modes of notice, including:

(1) Sending notice to another address associated with the party, or

(2) Publishing the notice in the Official Gazette of the United States Patent and Trademark Office or the FEDERAL REGISTER.

25. 37 C.F.R. 42.108 provides:

Institution of *inter partes* review.

(a) When instituting *inter partes* review, the Board may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.

(b) At any time prior to institution of *inter partes* review, the Board may deny some or all grounds for unpatentability for some or all of the challenged claims. Denial of a ground is a Board decision not to institute *inter partes* review on that ground.

(c) *Sufficient grounds. Inter partes* review shall not be instituted for a ground of unpatentability unless

the Board decides that the petition supporting the ground would demonstrate that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response where such a response is filed, including any testimonial evidence, but a genuine issue of material fact created by such testimonial evidence will be viewed in the light most favorable to the petitioner solely for purposes of deciding whether to institute an *inter partes* review. A petitioner may seek leave to file a reply to the preliminary response in accordance with §§42.23 and 42.24(c). Any such request must make a showing of good cause.

26. 37 C.F.R. 42.208 provides:

Institution of post-grant review.

(a) When instituting post-grant review, the Board may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.

(b) At any time prior to institution of post-grant review, the Board may deny some or all grounds for unpatentability for some or all of the challenged claims. Denial of a ground is a Board decision not to institute post-grant review on that ground.

(c) *Sufficient grounds.* Post-grant review shall not be instituted for a ground of unpatentability unless the Board decides that the petition supporting the ground would, if unrebutted, demonstrate that it is

more likely than not that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response where such a response is filed, including any testimonial evidence, but a genuine issue of material fact created by such testimonial evidence will be viewed in the light most favorable to the petitioner solely for purposes of deciding whether to institute a post-grant review. A petitioner may seek leave to file a reply to the preliminary response in accordance with §§42.23 and 42.24(c). Any such request must make a showing of good cause.

(d) *Additional grounds.* Sufficient grounds under §42.208(c) may be a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications.